



HOUSE OF REPRESENTATIVES

HB 2695/SB 1526

general appropriations act; 2016-2017

Prime Sponsor: Representative Montenegro, LD 13/Senator Biggs, LD 12

DP Committee on Appropriations

DPA Caucus and COW

X As Transmitted to the Governor

OVERVIEW

HB 2695 makes state General Fund (GF) and other fund (OF) appropriations and transfers for Fiscal Year (FY) 2017 for the operation of state government and makes various budget revisions and supplemental appropriations for FY 2016.

PROVISIONS

1. The tables below indicate GF and OF changes for each appropriated state agency for FY 2017 along with major footnote changes.

Summary of Changes	Fund Source	Comments	FY 2017 Changes
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Arizona Department of Administration (ADOA)			
Procurement Funding	GF		500,000
Accounting System Operating Costs	GF		500,000

- States legislative intent that ADOA not replace vehicles until they have an average of 80,000 miles or more. Requires ADOA to submit a report for Joint Legislative Budget Committee (JLBC) review by August 1, 2017 on the maintenance savings achieved by replacing vehicles with an average of 80,000.
- Requires ADOA to submit a report by October 1, 2016 on the structure, allocation and fund sources for all information technology (IT) and automation project oversight Full Time Equivalent (FTE) positions within ADOA.
- Requires certain agencies with one-time IT appropriations in FY 2017 to complete a Project Investment Justification approved by the Arizona Strategic Enterprise Technology Office. The agencies affected are: Board of Barbers, State Board of Funeral Directors and Embalmers, Board of Massage Therapy, Naturopathic Physicians Medical Board, Board of Examiners of Nursing Care Institution Administrators and Assisted Living Facility Managers, Arizona Board of Osteopathic Examiners in Medicine and Surgery, Arizona State Board of Pharmacy, Board of Physical Therapy, Board of Technical Registration and the Arizona State Veterinary Medical Examining Board.

Arizona Health Care Cost Containment System (AHCCCS)			
Formula Adjustments	GF		(50,900,000)
Arizona Long Term Care System (ALTCS) Adult Dental	GF		1,400,000
Behavioral Health Services Administrative Savings	GF		(500,000)

- Requires AHCCCS to report to the directors of JLBC and the Governor's Office of Strategic Planning and Budgeting (OSPB) by December 1, 2016 on estimates of retroactive capitation rate changes to calendar year 2015 rates for reimbursement of the Affordable Care Act health insurer fee. States the amendments to rates are not subject to JLBC review.
- Requires AHCCCS to transfer \$1,200,000 from the non-Medicaid seriously mentally ill services line item for FY 2017 to the Department of Health Services (DHS) for the costs of prescription medications for persons with a serious mental illness at the Arizona State Hospital (ASH).

Attorney General (AG)			
Post Conviction Fund Shift	GF		800,000

- Requires the AG to submit an expenditure plan by June 1, 2016 for the FY 2017 internet crimes against children enforcement line item for review by JLBC.

Department of Child Safety (DCS)			
Preventative Services	GF		5,000,000
Remove One-Time Backlog Reduction Funding	GF		8,400,000
Permanency Growth	GF		6,400,000
Emergency and Residential Placement	GF		8,000,000
Foster Care Growth	GF		2,000,000
Out of Home Support Services Growth	GF		12,500,000
Child Care Growth	GF		2,000,000
AG Shortfall	GF		1,900,000
Attorneys	GF		3,100,000
Central Administration	GF		6,700,000
Case Aides	GF		2,500,000
Backlog Privatization	GF		2,700,000
Non-GF Solutions	GF		(25,000,000)

- Prohibits the transfer of appropriated amounts for any line item to another line item or the operating budget unless the transfer is reviewed by JLBC.
- Requires all expenditures made by DCS for AG legal services by funded only from the AG legal services line item. Directs monies in DCS line items intended for this purpose to be transferred to the AG legal services line item before expenditure.
- Deletes footnote concerning backlog Request For Proposals.

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- Revises the quarterly benchmark report to include: 1) the caseload standard, 2) a new backlog benchmark of under 1,000 cases as of June 30, 2017 and thereafter, and 3) a new backlog benchmark to reduce the number of children in out-of-home care by an average of an additional 2% every quarter with respect to the out-of-home care population as of December 31, 2016, equaling a cumulative reduction of 11.4% by July 1, 2018 with a population below 17,500.
- Requires JLBC to inform the General Accounting Office (GAO) of ADOA if DCS has not submitted the quarterly report within 30 days after the last day of the calendar quarter. Requires GAO to withhold 2% of DCS' operating lump sum quarterly budget allocation until the report is submitted.
- Requires DCS, before expending any remaining monies in the overtime pay appropriation or any monies in the backlog privatization and new case aides appropriations, to submit a report for JLBC review on private contractor awards to address the backlog.
- Requires the quarterly report to provide the same information on the total number of FTE positions as is required by the monthly hiring report.
- Requires DCS to submit a report by June 1, 2016 of the number of filled central administrative staff positions as of April 1, 2016, for JLBC review. Requires the report to delineate the filled central administrative staff position by division and position type.
- Outlines intent and job type for some of the new 60 FTEs for central administrative staff: 16 FTEs for the office of contracts, 10 FTEs for finance and accounting, and 10 FTEs for the office of procurement. Requires DCS to submit a report of the proposed hiring plan by September 30, 2016 for JLBC review.
- Requires DCS to provide a summary of the Moss-Adams audit for review by JLBC by July 1, 2016. Requires the summary to detail any deficiencies related to the department's financial processes.
- Details components of the child safety expenditure authority.

Arizona Department of Corrections (ADC)			
Inmate Healthcare	OF		COP Savings
Re-Entry Planner	GF		100,000

- Stipulates that the amount appropriated for the inmate health care contracted services line item includes sufficient monies to fund a 4% adjustment for the fourth year of the contract.

Arizona Criminal Justice Commission (ACJC)

- Requires ACJC to report to JLBC by August 31, 2016 regarding noncompliance with the statutory Anti-Racketeering Revolving Fund reporting requirements.

Department of Economic Security (DES)			
Developmental Disabilities (DD)			
1% Provider Rate Increase	GF		3,000,000
ALTCS Adult Dental	GF		1,200,000
Vocational Rehabilitation	GF		2,000,000
Domestic Violence Shelters	OF	One-Time	1,500,000

- Deletes footnote requiring any federal Temporary Assistance for Needy Families (TANF) block grant monies in excess of the original FY 2016 combined DCS and DES TANF appropriations to be reverted to the GF.
- Deletes footnote concerning proportional reduction of GF dollars to DES and DCS for every federal TANF block grant dollar received in excess of their appropriation.
- Requires DES to submit an expenditure plan to JLBC for review of any new Division of Developmental Disabilities salary adjustments not previously reviewed by JLBC.
- Requires DES to report to JLBC by September 1, 2016 the number of filled positions for case managers and non-case managers in the Division of Developmental Disabilities as of June 30, 2016. Requires DES to submit an expenditure plan of its staffing levels for review by JLBC if DES plans on hiring staff for non-case manager, non-case aide, non-case unit supervisor and non-case section manager positions above the staffing level indicated in the September 1, 2016 report.
- Stipulates that the appropriated amount in the home and community based services – Medicaid line item includes \$2,791,800 from the GF and \$6,260,600 in developmental disabilities Medicaid expenditure authority for an across-the-board 1% full-year rate adjustment for home and community based services providers to individuals with developmental disabilities whose current rates are less than 100% of the benchmark rates published in the 2014 rate rebase study, in addition to any adjustment as part of the aggregate 2.5% capitation rate increase. Prohibits a provider rate from inversing to more than 100% of the benchmark rates published in the 2014 rate rebase study as a result of the 1% adjustment. Requires DES to report its distribution plan to JLBC by August 1, 2016.
- Requires DES to spend \$1,500,000 of the appropriated Domestic Violence Shelter Fund monies for capital improvements or one-time projects for domestic violence facilities receiving monies in FY 2017.

Arizona Department of Education (ADE)			
Formula	GF		(24,600,000)
Joint Technical Education District (JTED) Funding/Reforms	GF		29,000,000
Small School Weight	GF		1,200,000
Tribal Dual Enrollment	OF		90,000
District-Sponsored Charter Schools	GF	One-Time	1,148,000
Geographic Literacy	GF	One-Time	100,000
Empowerment Scholarship Account (ESA) Fund Spending Authority	OF		400,000

- Reduces the amount appropriated for Basic State Aid from the Permanent State School Fund for FY 2017 by \$172,444,700 if Proposition 123 is not approved by voters.
- Requires ADE to allocate \$74,394,000 of the Basic State Aid appropriation for a separate additional inflation adjustment apart from the Basic State Aid formula if Proposition 123 is not approved by voters.

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- Stipulates that the amount appropriated to ADE's operating budget includes \$500,000 for technical assistance and state level administration of the K-3 Reading Program.
- Allows, after JLBC review, ADE to use a portion of its FY 2017 GF appropriations for Basic State Aid or Additional State Aid to fund a shortfall in funding for Basic State Aid or Additional State Aid that occurred in FY 2016.
- Stipulates that the appropriation for former district-sponsored charter schools for FY 2017 consists of one-time monies to provide additional Base Support Level (BSL) funding on a one-time basis to school districts that operated district-sponsored charter schools in FY 2016 and that qualify for state aid in FY 2017. Requires the appropriated amount to be allocated to school districts on a pro rata basis based on the number of Average Daily Membership pupils who attended district-sponsored charter schools in each school district for FY 2016. Adds monies received from this line item to the district's BSL for FY 2017, and directs ADE to increase its budget limits accordingly. Requires ADE to make corresponding BSL and budget limit increases for school districts that operated district-sponsored charter schools in FY 2016, but do not qualify for state aid in FY 2017.
- Requires ADE to use the appropriated one-time amount for geographic literacy to issue a grant to a statewide geographic alliance. Exempts the appropriation from lapsing.

Department of Emergency and Military Affairs (DEMA)			
State Match for Army/Air Guard Facilities	GF		1,500,000

Department of Environmental Quality (DEQ)			
Water Quality Assurance Revolving Fund (WQARF) Fund Shift	GF		(4,200,000)

Department of Financial Institutions

- Specifies that of the amount appropriated from the GF, the sum of \$817,200 reverts to the GF if the Board of Appraisal Fund is not repealed in the Fifty-Second Legislature, Second Regular Session.

Department of Fire, Building and Life Safety (FBLS)			
Consolidation with State Forester, Department of Housing, and State Real Estate Department	GF		(2,200,000)

State Forester			
FBLS Consolidation (State Fire Marshal)	GF		750,000
State Fire School	GF		170,000
Risk Management Increase	GF		100,000
Fire Management Software	GF	One-Time	100,000
Inmate Fire Crew Carriers	GF	One-Time	200,000
Wildland Fire Engines	GF	One-Time	100,000

Arizona Game and Fish Department

- Stipulates that the operating lump sum appropriation includes \$795,000 from the Game and Fish Fund to increase the minimum salary for a full year by at least \$8,700 for the following positions: wildlife manager, wildlife manager 2, wildlife manager 3, wildlife manager field supervisor, law enforcement specialist 2, law enforcement specialist 3 and law enforcement program manager.

Geological Survey

Consolidation with the University of Arizona	GF		(900,000)
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Department of Health Services (DHS)

Additional Security Officers and Nurses for ASH	GF		1,500,000
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Department of Housing

FBLS Consolidation (Board of Manufactured Housing)	GF		800,000
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Judiciary

Dependency Caseload	GF		3,000,000
Adult Standard Probation Growth	GF		1,601,000
Two New Justices Funding	GF		500,000
1.5% Judicial Pay Raise	GF		100,000
WAAS Upgrade	GF		950,000
CORP Adjustment	GF		947,700

- Requires monies appropriated in the Dependency Surge Funding line item to be used only as pass-through monies to county superior courts for dependency case processing. Monies in the line item are exempt from lapsing, except that all FY 2017 monies remaining unexpended and unencumbered on June 30, 2018 revert to the GF. Requires the Administrative Office of the Courts (AOC) to report to JLBC by December 1, 2016 on the amount allocated from the line item by court and judicial function within these courts.
- Requires the AOC to report to JLBC on overall salary adjustments provided to county probation officers in FY 2017. Requires AOC to compile the information provided by each county for the report.
- Outlines amounts allocated to the first year of a two-year phase-in for a 3% total pay raise for Supreme Court, Court of Appeals and superior court justices.
- Stipulates that the operating lump sum appropriation for the Supreme Court includes \$500,000 and two FTEs for the creation of two new Supreme Court justices.

Department of Juvenile Corrections (DJC)

Lower Population and County Savings	GF		(1,500,000)
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State Land Department			
Central Arizona Project Fees	GF		32,000

Legislature - Senate			
Additional Funding	GF		1,250,000

Department of Public Safety (DPS)			
Border Security	GF		8,000,000
Pay Raise (3% All Sworn and Highway Patrol Civilian)	GF		4,600,000
Civil Air Patrol	GF		200,000

- Requires DPS to submit an expenditure plan for JLBC review before the expenditure of any monies appropriated in FY 2017 in the Border Strike Force line items.
- Specifies funding available for local governments from the Border Strike Force local support line item.
- Requires DPS to submit a report for JLBC review before spending any monies from the sexual assault kit testing line item. Outlines report requirements.
- Stipulates that the law enforcement virtual training line item includes \$2,100,000 for virtual training for law enforcement officers and must be awarded to a contractor using a competitive bid process. Outlines virtual training requirements, including the use of a simulator.
- Specifies amounts allocated for a 3% aggregate pay full-year pay adjustment for sworn officer and civilian employees of the Highway Patrol Division. Requires DPS to report its pay adjustment plan to JLBC by August 1, 2016.

State Real Estate Department			
FBLIS Consolidation	GF		18,000

Department of Revenue (DOR)

- Prohibits DOR from transferring any monies to or from the income tax fraud prevention line item without prior review by JLBC.
- Requires DOR to report to JLBC the results of private fraud prevention investigation services during FY 2016. Requires the report to include the total number and dollar amount of fraudulent returns prevented during FY 2016.

School Facilities Board (SFB)			
Create Public School Credit Enhancement Program		Shifts Existing Funds	(21,500,000)
New School Facilities	GF		23,100,000

- Deletes footnote requiring SFB to transfer \$1,000,000 from the building renewal grants line item to the Emergency Deficiencies Correction Fund in FY 2015.

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- Requires SFB to report on proposed transfers to the director of JLBC at least 30 days before any monies are transferred out of the new school facilities debt service line item.
- Reverts \$16,705,000 to the GF if, after reviewing revised enrollment projections for a union high school district project approved by March 1, 2016, the SFB determines the awarded project is no longer required. Allows the SFB to adjust the amount reverted to deduct any monies that were spent for specified costs before the SFB determined that the awarded project is no longer required.

Secretary of State (SOS)

- Restricts all monies in the elections services line item to be used only to pay for the statewide election publicity pamphlet and as pass-through monies to county election divisions for reimbursement of the costs of elections.

State Board of Technical Registration (BTR)			
E-Licensing and Case Management IT Project		OF	800,000

Arizona Department of Transportation (ADOT)
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- Requires ADOT to contract with an independent third-party consultant for the duration of the Motor Vehicle Division (MVD) Legacy System replacement project. Requires the consultant to submit an annual progress report by February 1, 2017 for JLBC review. Details report requirements.
- Requires ADOT to report to the JLBC director by July 31, 2017 on the cost to link local governments, state agencies and other users with the new MVD automated system.
- Requires ADOT to report to the JLBC director by August 1, 2016 on the state's share of fees retained by the Service Arizona vendor in the prior FY. Details report requirements.
- Restricts all expenditures made by ADOT for AG legal services to be funded only from the AG legal services line item. Requires monies in ADOT line items intended for this purpose to be transferred to the AG legal services line item before expenditure.

Universities – Arizona Board of Regents
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- Requires JLBC staff to use the overall allocation of GF and appropriated tuition monies for each university in determining a university's specific statewide adjustment.

Universities – Arizona State University (ASU) – Tempe and Downtown Phoenix			
Freedom School	GF		3,000,000

- Requires the appropriated amount for the School of Civic and Economic Thought and Leadership be used by the president of ASU to establish a School of Civic and Economic Thought and Leadership consisting of the former Center for Political Thought and Leadership and the Center for the Study of Economic Liberty. Prohibits the appropriated amount from supplanting any existing state funding or private or external donations to the former centers or to the school. Restricts the appropriated monies and all private and

external donations to the school to be used only for the direct operation of the school and not used for indirect costs of the university. Adds a reporting requirement.

Universities – University of Arizona (UA) – Main			
Freedom School	GF		2,000,000

- Prohibits the appropriated amount for the Center for the Philosophy of Freedom from supplanting any existing state funding or private or external donations to the center or the philosophy department. Restricts the appropriated monies and all private and external donations to the center to be used only for the direct operation of the center and not used for indirect costs of the university. Adds a reporting requirement.

FY 2016 SUPPLEMENTAL APPROPRIATIONS AND ADJUSTMENTS

2016 GF and OF Changes		
ADOA – Federal Government Disallowed Costs – Risk Management	OF	3,614,100
ADOA – Reimburse Federal Transfers – Special Employee Health Insurance Trust Fund	OF	6,167,600
Office of Administrative Hearings – Healthcare Group Fund	OF	(12,300)
AHCCCS – Prescription Drug Rebate Fund – State	OF	22,100,000
AHCCCS – Tobacco Products Tax Fund – Emergency Health Services Account	OF	830,800
AHCCCS – Tobacco Products Tax Fund – Medically Needy Account	OF	3,318,500
DCS – Backlog Privatization (non-lapsing until June 30, 2017)	GF	2,700,000
DCS – General Operations or Contracted Services – Federal TANF Block Grant	OF	17,123,600
DCS – Child Safety Expenditure Authority	OF	21,418,500
DCS – Lump Sum	GF	32,264,600
DCS – Litigation Expenses – Risk Management Revolving Fund (non-lapsing until June 30, 2017)	OF	2,867,600
ADC – Inmate Health Care Contracted Services Line Item	GF	5,200,000
DES – Home and Community Based Services Medicaid Line Item	GF	6,752,300
DES – Home and Community Based Services Medicaid Line Item – Long-Term Care Fund Expenditure Authority	OF	14,893,200
DES – TANF Cash Benefits Line – TANF Block Grant	OF	(9,905,000)
ADE – Professional Development Courses – ADE Professional Development Revolving Fund	OF	2,700,000
ADE – Tribal College Dual Enrollment Program – Tribal College Dual Enrollment Program Fund	OF	160,000
DEMA – Service Contracts (non-lapsing until December 31, 2016)	GF	746,700
Forester – Risk Management Premium Payment	GF	146,700
Game and Fish – PSPRS Increase (non-lapsing until June 30, 2017)	OF	1,752,000
DHS – Medicaid Behavioral Health Capitation Payments – Tobacco Tax and Health Care Fund – Medically Needy Account	OF	9,235,300
DHS – Medicaid Behavioral Health Capitation Payments – Prescription Drug Rebate Fund	OF	8,824,500

DHS – Medicaid Behavioral Health Capitation Payments – Federal Medicaid Authority	OF	112,373,300
SFB – Building Renewal Grants	GF	15,000,000
SFB – New School Facilities Debt Service Line Item	GF	(1,278,700)
SOS – Reimbursing Presidential Preference Election (PPE) Costs	GF	6,130,000
ABOR – Health Care Adjustments	GF	4,076,000
Department of Veterans’ Services – Increased Dietary Service Costs – State Home for Veterans Trust Fund	OF	278,000

2. Increases the sum of \$539,311,600 from the AHCCCS appropriation from the expenditure authority in FY 2016. The total includes the following increases:
 - a. \$421,394,400 from federal Medicaid Authority.
 - b. \$78,318,300 from the Prescription Drug Rebate Fund – Federal.
 - c. \$34,502,000 from the Hospital Assessment Fund.
 - d. \$5,096,900 from the Tobacco Products Tax Fund – Proposition 204 Protection Account.
 - i. Requires AHCCCS to transfer at most \$3,352,200 to DHS in FY 2016 for Medicaid behavioral health capitation payments for persons who are eligible for services.
3. Designates \$1,906,900 from DCS’ FY 2016 supplemental lump sum GF appropriation to address the structural shortfall in the AG legal services line item.
4. Allows DCS to use up to \$35,000,000 from the Budget Stabilization Fund (BSF) for the purpose of providing funding for reimbursement grants. Requires the appropriation to be fully reimbursed by September 1, 2016 as part of the closing process for FY 2016. Prohibits the appropriation from being used for additional programmatic expenditures.
5. Allows DES to use up to \$35,000,000 from the Budget Stabilization Fund (BSF) for the purpose of providing funding for reimbursement grants. Requires the appropriation to be fully reimbursed by September 1, 2016 as part of the closing process for FY 2016. Prohibits the appropriation from being used for additional programmatic expenditures.
6. Requires DCS, DES and ADOA to provide a report to JLBC staff and OSPB by November 30, 2016 outlining the process by which the agencies will improve the federal reimbursement claiming process with the intent to eliminate the need for a similar appropriation in FY 2017.
7. Designates the DES FY 2016 GF appropriation to the home and community based services Medicaid line item to be used to draw down federal matching funds in FY 2016 for the Division of Developmental Disabilities capitation payments. Requires DES to request JLBC review before spending monies for any other purpose.
8. Exempts \$870,800 of the \$25,181,600 appropriated to the Arizona State Retirement System (ASRS) from the ASRS Administration Account in FY 2016 from lapsing until June 30, 2017 for the purpose of paying IT security costs.
9. Requires the SOS to reimburse counties for the PPE based on the number of active voters in that county on January 1, 2016, as follows:
 - a. For counties with an official active voter registration total of 450,000 persons or more, the amount of the actual expenses incurred up to the amount of the estimated cost that was provided by the county to the SOS by October 30, 2015, or \$2.50 per registered voter, whichever is less.

- b. For counties with an official active voter registration total of 35,000 to 449,999 persons, the amount of the actual expenses incurred up to the amount of the estimated cost that was provided by the county to the SOS by October 30, 2015, or \$3.00 per active registered voter, whichever is less.
 - c. For counties with an official active voter registration total of 34,999 persons or less, the amount of the actual expenses incurred up to the amount of the estimated cost that was provided by the county to the SOS by October 30, 2015, or \$3.50 per registered voter, whichever is less.
10. Requires a county to submit its certified PPE claims to the SOS no later than June 1, 2016.
11. Prohibits, if reimbursing for actual expenses, the SOS from reimbursing counties for the PPE for the following:
 - a. Regular pay and associated employer related expenses for permanent county employees.
 - b. Maintenance of infrastructure, machinery and equipment.
 - c. Any expenditure that is not reimbursable as prescribed by the State of Arizona Accounting Manual in effect on January 1, 2016.
12. Requires the SOS to submit a report to the Joint Legislative Budget Committee and the Office of Strategic Planning and Budgeting regarding PPE reimbursements by October 1, 2016.
13. Specifies that the appropriation and reimbursement rates do not set a precedent that the costs of administration of any process to select party nominees for a presidential election held after March 22, 2016 will be reimbursed by the state at any particular level. Designates responsibility to future legislatures to determine the appropriate funding levels for any future presidential nominee selection process.
14. Divides the FY 2016 GF supplemental appropriation to ABOR for health care adjustments as follows:
 - a. ASU – Tempe and Downtown Phoenix Campuses - \$1,895,000
 - b. ASU – East Campus - \$182,700
 - c. ASU – West Campus - \$205,500
 - d. Northern Arizona University (NAU) - \$40,200
 - e. UA – Main Campus - \$1,330,700
 - f. UA – Health Sciences Center - \$421,900
15. Eliminates the following university payment deferrals, totaling \$200,000,000, through one-time FY 2016 GF appropriations:

University Payment Deferral Elimination	
ASU – Tempe and Downtown Phoenix Campuses	74,760,400
ASU – East Campus	5,750,200
ASU – West Campus	10,064,800
Northern Arizona University	30,494,800
UA – Main Campus	62,153,100
UA – Health Sciences Center	16,776,700

16. Eliminates the following FY 2016 state agency payment deferrals by appropriating the following amounts in FY 2016:

Agency Payment Deferral Elimination	
DCS	11,000,000
DES	21,000,000

17. Divides the \$21,000,000 GF appropriation to DES in FY 2016 for payments of FY 2016 claims as follows:
 - a. \$20,000,000 for the home and community based services Medicaid line item.
 - b. \$1,000,000 for the rehabilitation services line item.
18. Reduces the FY 2017 transfer from the Special Employee Health Insurance Trust Fund (HITF) to the GF from \$100,000,000 to \$78,900,000. The transfer, part of the FY 2016 General Appropriations Act, is to provide adequate support and maintenance for state agencies.

ADDITIONAL FY 2017 APPROPRIATIONS AND ADJUSTMENTS

ADOA

19. Extends, through FY 2017, the exemption from the lapsing of appropriations for ADOA's FY 2015 appropriation of \$4,132,000 for the purpose of paying contingency costs related to the replacement of the AFIS.
 - a. Requires the remaining \$3,103,000 to be used for the replacement of the state's e-procurement system, subject to review by JLBC.
20. Extends, to June 30, 2017, the exemption from the lapsing of appropriations for the GF appropriation to ADOA in FY 2015 of \$19,500,000 for costs associated with the establishment of DCS and the relocation of the data center operated by DES.
21. Appropriates \$5,500,500 from the GF in FY 2017 to ADOA for distribution to counties for maintenance of essential county services. Requires ADOA to allocate the monies equally among all counties with a population of less than 200,000 persons.
22. Appropriates \$500,000 from the GF in FY 2017 to ADOA for distribution to a county with a population between 30,000 and 40,000 persons (Graham) for maintenance of essential county services.
23. Appropriates \$8,000,000 from the GF in FY 2017 to ADOA for a one-time distribution to counties for maintenance of essential county services. Allocates the amount based in each county's proportional share of the aggregate state population according to the 2010 US decennial census:

County Proportional Share	
Apache	89,500
Cochise	164,400
Coconino	168,300
Gila	67,100
Graham	46,600
Greenlee	10,500
La Paz	25,700
Maricopa	4,777,300

Mohave	250,500
Navajo	134,500
Pima	1,226,900
Pinal	470,300
Santa Cruz	59,300
Yavapai	264,100
Yuma	245,000

24. Appropriates \$500,000 from the IT Fund in FY 2017 for additional resources in the Government Transformation Office.

Automation Projects

25. Appropriates the following amounts, including 15 FTEs, to ADOA in FY 2017 from the Automation Projects Fund (APF) for the following automation and information technology (IT) projects:
- a. \$1,050,000 for enhancing enterprise architecture.
 - b. \$1,500,000 for project management of statewide automation and IT projects.
 - c. \$1,300,000 for projects related to e-government.
 - d. \$5,700,000 for improving and maintaining the network and security infrastructure.
 - e. \$3,248,400 for enhancing statewide data security.
26. Makes the following appropriations to ADOA from the APF in FY 2017 for the following automation and IT projects:
- a. \$800,000 for a third-party IT consolidation assessment that assesses the implementation, transfer, coordination and modernization of state agencies' IT systems. Requires, on completion of the assessment, ADOA to submit a summary report to the President of the Senate, Speaker of the House of Representatives and JLBC director. Prohibits any new IT project with an estimated total cost of more than \$15,000,000 from beginning until the completion of the assessment.
 - b. \$8,000,000 for implementing upgrades to the Adult Information Management System (AIMS) operated by ADC.
 - c. \$4,581,600 for implementing upgrades to the Children's Information Library and Data Source (CHILDS) operated by DCS.
 - d. \$7,300,000 for implementing, upgrading and maintaining the Student Longitudinal Data System (SLDS) and the Education Learning and Accountability System (ELAS).
 - e. \$1,294,700 for implementing IT projects that comply with state and federal security IT standards determined by DES.
 - f. \$1,000,000 for a feasibility study to replace the tax accounting system at DOR.
27. Appropriates any remaining balances on June 30, 2016 in the University and Community College Subaccount in the Education Learning and Accountability Fund (ELAF) to the APF for implementing, upgrading and maintaining SLDS and ELAS.
28. Stipulates that the appropriation to the SLDS and ELAS be used first and foremost to complete a significant portion of the replacement of the Student Accountability Information System. Requires ADE to provide quantifiable deliverables of the Legislature's intended progress to the Information Technology Authorization Committee and JLBC before seeking review of the \$7,300,000 FY 2017 expenditure from the APF.

29. Prohibits monies appropriated for projects at each state agency from the APF from being used for projects at any other state agency without prior review by JLBC.
30. Requires ADOA to submit quarterly reports to JLBC on or before the last day of each calendar quarter on implementation of projects, including deliverables, timeline for completion and current status.
31. Stipulates that the FY 2017 funding for ADE's SLDS and ELAS is contingent upon contracting with a third party consultant throughout the life of the project and requiring ADOA and ADE to report on plans for consultant use when seeking IT Authorization Committee and JLBC review of FY 2017 expenditures for the system. Also requires review to continue through the life of the projects.
32. Stipulates that the FY 2017 funding for ADC's AIMS is contingent upon contracting with a third party consultant throughout the life of the project and requiring ADOA and ADC to report on plans for consultant use when seeking IT Authorization Committee and JLBC review of FY 2017 expenditures for AIMS. Also requires review to continue through the life of the projects.
33. Appropriates any remaining FY 2016 balances in the APF to ADOA in FY 2017 for the same purposes as specified. Requires ADOA to report any FY 2017 expenditure of remaining balances from FY 2016 in the APF in ADOA's quarterly report to JLBC.
34. Extends permission to spend FY 2015 appropriations for DCS' CHILDS project, DCS' AIMS project, DEQ's e-licensing project and the replacement of the Arizona Financial Information System through the end of FY 2017.
35. Appropriates \$12,000,000 from the APF in FY 2017 to ADOA for the replacement of the state's e-procurement system, to be distributed proportionately among other funds.
36. Appropriates \$3,000,000 from the GF in FY 2017 for deposit into the APF.
37. Appropriates \$9,000,000 from other funds in FY 2017 for deposit into the APF. Requires JLBC to determine the proportional amount transferred from each appropriated and nonappropriated fund source.
38. Requires, for all non-GF fund sources, JLBC staff to determine and ADOA to allocate to each agency or department an amount for the cost of replacing the state's e-procurement system. Requires JLBC staff to also determine and ADOA to allocate adjustments, as necessary, in appropriations and expenditure authority to allow for the cost of replacement.

Arts

39. Appropriates \$1,500,000 from monies earned from investments in the BSF in FY 2017 to the Arts Trust Fund.

AG

40. Appropriates \$500,000 from the Consumer Protection - Consumer Fraud Revolving Fund in FY 2017 to the AG for general operating costs.

Arizona Commerce Authority (ACA)

41. Allocates \$21,500,000 of GF withholding tax revenue in FY 2017 to the ACA, of which \$10,000,000 is credited to the ACA Fund and \$11,500,000 to the Arizona Competes Fund.
42. Appropriates \$300,000 from the GF in FY 2017 to the ACA to operate a trade office in

Mexico City.

43. Requires the ACA to report by August 31, 2016 for JLBC review on progress made in implementing the Auditor General's recommendation included in the September 2015 audit of the ACA.

Arizona Corporation Commission (ACC)

44. Appropriates \$2,000,000 in one-time funding from the GF in FY 2017 to the ACC for replacing the Corporations Division database system. Exempts the appropriation from lapsing until June 30, 2018.

DES

45. Appropriates \$50,000 from the GF in FY 2017 to DES for a one-time allocation to a facility that has a capacity of at least 100 beds and that provides crisis response and transitional housing services to assist victims of domestic violence in a county with a population of more than 1,000,000 persons (Maricopa).
46. Appropriates \$50,000 from the GF in FY 2017 to DES for a one-time allocation to a victim center that provides a crisis response team to assist victims of domestic violence, child abuse, adult sexual assault and elder abuse and that is in a county with a population of more than 150,000 persons and less than 200,000 (Yuma).
47. Appropriates \$700,000 in one-time funding from the Health Services Lottery Monies Fund in FY 2017 to DES for area agencies on aging.
48. Appropriates the following one-time amounts from the Special Administration Fund to DES:
 - a. \$600,000 for room and board in state-funded long-term care services.
 - b. \$2,000,000 for caseload growth in Adult Protective Services.

ADE

49. Appropriates \$31,000,000 from the GF in FY 2017 to ADE for current-year funding backfill.
50. Stipulates that the appropriation consists of one-time monies to backfill the loss of BSL state aid for FY 2017 that school districts with declining student counts would otherwise experience in FY 2017 due to the implementation of current-year BSL funding.
51. Directs ADE to allocate the appropriated amount in a manner that backfills the loss of BSL state aid that school districts with declining student counts would otherwise experience.
52. Requires ADE to allocate current-year funding backfill monies as if they were BSL monies for FY 2017, and increase budget limits accordingly.
53. Requires ADE to increase a school district's budget limits for FY 2017 by the amount that would be increased if the school district with a declining student count is not eligible to receive state aid in FY 2017.
54. Requires ADE to use monies appropriated for Basic State Aid for FY 2017 to make up the difference if the appropriation is insufficient to cover the backfill costs.
55. Requires ADE to revert the difference to the GF if the appropriation exceeds the amount necessary to fund the backfill costs.

DHS

56. Appropriates \$1,000,000 from the Tobacco Tax and Health Care Fund – Health Research

Account in FY 2017 to DHS for a one-time allocation for Alzheimer's disease research.

Judiciary

57. Requires judicial salaries for Supreme Court justices, court of appeals judges and superior court judges be increased by 1.5% on January 1, 2017, and increased an additional 1.5% on January 1, 2018. Requires the salaries to be increased only if the number of Supreme Court justices is increased from five to seven justices in FY 2017.
58. Appropriates \$250,000 from the Health Services Lottery Monies Fund in FY 2017 to the AOC for distribution to the Maricopa County Attorney's Office for the administration of a felony pretrial intervention program.

Arizona State Parks

59. Appropriates \$1,500,000 from the State Parks Revenue Fund in FY 2017 to the Arizona State Parks Board (Board) for operating costs.
- a. Stipulates that the amount may be spent only after the Board submits a FY 2017 agency expenditure plan for JLBC review. Requires the plan to demonstrate that the actual amount of federal monies the Board will receive during FY 2017 is less than the actual amount of federal monies received in FY 2016.
 - b. Prohibits the amount spent by the Board from exceeding the estimated decrease in federal monies between FY 2016 and FY 2017.
60. Appropriates \$150,000 from the State Parks Revenue Fund in FY 2017 to the Arizona Trail Fund.

Legislative Council

61. Appropriates \$250,000 from the Telecommunication Fund for the Deaf in FY 2017 to Legislative Council for the purpose of installing looping hearing aid service systems in the House of Representatives and Senate buildings. Exempts the appropriation from lapsing.

Arizona Parents Commission on Drug Education and Prevention (Commission)

62. Appropriates \$300,000 from the Drug Treatment and Education Fund in FY 2017 to the Commission for a prevention education program for middle and high school students. Requires the commission to distribute monies on a competitive grant basis to grant applicants to implement a proactive prevention education program in all middle and high schools in Arizona. Outlines program requirements and exempts the appropriation from lapsing.

ABOR

63. Appropriates \$19,000,000 from the GF in FY 2017 to ABOR for distribution for capital improvements or operating expenditures in the following amounts:
- a. ASU - \$7,000,000
 - b. NAU - \$4,000,000
 - c. UA - \$8,000,000
64. Requires the universities to report the intended use of the monies to JLBC by August 1, 2016.
65. Requires the universities to submit the scope, purpose and estimated cost of the capital improvements for review by the Joint Committee on Capital Review before an expenditure of the monies appropriated for capital improvements.

Water Infrastructure Finance Authority (WIFA)

66. Appropriates \$500,000 in one-time funding from the GF in FY 2017 to the Small Water Systems Fund for emergency grants to interim operators of small water systems. Exempts

the appropriation from lapsing. Exempts the emergency grants from procurement requirements until July 1, 2017.

67. Requires the ACC and WIFA to jointly report the total amount of expenditures from the Small Water Systems Fund during FY 2017 to the director of JLBC by August 1, 2017.

Department of Water Resources

68. Appropriates \$250,000 from the GF in FY 2017 to the Water Protection Fund.

FY 2018 APPROPRIATIONS

69. Appropriates \$23,078,600 from the GF in FY 2018 for a one-time deposit into the New School Facilities Fund. Directs the SFB to use the monies only for facilities that will be constructed for school districts that received final approval from the SFB by March 1, 2016.
70. Reverts \$16,705,000 to the GF if, after reviewing revised enrollment projections for a union high school district project approved by March 1, 2016, the SFB determines the awarded project is no longer required.

DEBT SERVICE PAYMENTS

71. Appropriates \$60,105,600 from the GF in FY 2017 to ADOA for the debt service payments on the sale and lease-back of state buildings authorized by Laws 2009, Third Special Session, Chapter 6.
72. Appropriates \$24,011,800 from the GF in FY 2017 to ADOA for the debt service payment on the sale and lease back of state buildings authorized by Laws 2010, Sixth Special Session, Chapter 4.
73. Allocates \$20,449,000 of GF revenue in FY 2017 to the Arizona Convention Center Development Fund.

ESTIMATED DISTRIBUTIONS

74. Stipulates that the Rio Nuevo Multipurpose Facility District is estimated to receive \$10,000,000 from a portion of state transaction privilege tax revenues in FY 2017 and specifies that the actual amount of distribution will be made as outlined in statute.

FUND TRANSFERS

75. Transfers, by June 30, 2017, the following amounts from the following sources to the GF for the purposes of providing adequate support and maintenance for state agencies:
- a. \$300,000 from the Alternative Dispute Resolution Fund (Judiciary – Supreme Court).
 - b. \$300,000 from the Arizona Lengthy Trial Fund (Judiciary – Supreme Court).
 - c. \$500,000 from the Court Appointed Special Advocate Fund (Judiciary – Supreme Court).
 - d. \$250,000 from the Drug Treatment Education Fund (Judiciary – Superior Court).
 - e. \$3,650,000 from the Juvenile Probation Services Fund (Judiciary – Superior Court).
 - f. \$461,600 from the Automation Operations Fund (ADOA).
76. Transfers, by June 30, 2018, the following amounts from the following sources to the GF for the purpose of providing adequate support and maintenance for state agencies:
- a. \$300,000 from the Alternative Dispute Resolution Fund (Judiciary – Supreme Court).
 - b. \$200,000 from the Arizona Lengthy Trial Fund (Judiciary – Supreme Court).
 - c. \$400,000 from the Court Appointed Special Advocate Fund (Judiciary – Supreme Court).
 - d. \$250,000 from the Drug Treatment Education Fund (Judiciary – Superior Court).

- e. \$1,850,000 from the Juvenile Probation Services Fund (Judiciary – Superior Court).
- 77. Transfers \$4,076,000 from the Special Employee Health Insurance Trust Fund to the GF after July 1, 2015 but by June 30, 2016 to provide adequate support and maintenance for agencies of this state.
- 78. Appropriates \$11,881,600 from the GF in FY 2017 to the APF.
- 79. Transfers the following amounts in FY 2017 to the APF from the following sources:
 - a. Any remaining balances as of June 30, 2016 from fees collected from universities and community college districts in the Education Learning and Accountability Fund.
 - b. \$7,420,600 from the Automation Operations Fund.
 - c. \$5,650,000 from the State Web Portal Fund.
 - d. \$527,800 from the IT Fund.
 - e. \$1,000,000 from the Arizona Correctional Industries Revolving Fund.
 - f. \$1,000,000 from the Inmate Store Proceeds Fund.
 - g. \$4,000,000 from the Special Services Fund.
 - h. \$1,000,000 from the State Charitable, Penal and Reformatory Institutions Land Fund.
 - i. \$1,000,000 from the Penitentiary Land Fund.
 - j. \$1,294,700 from the Special Administration Fund.
 - k. \$1,000,000 from the Liability Setoff Program Revolving Fund.
- 80. Transfers \$1,100,000 from the Motor Vehicle Liability Insurance Enforcement Fund to the Safety Enforcement and Transportation Infrastructure Fund by June 30, 2017.
- 81. Transfers the following amounts in FY 2017 to the Corrections Fund from the following sources for the purpose of purchasing replacement radios:
 - a. \$1,000,00 from the Inmate Store Proceeds Fund.
 - b. \$500,000 from the State Department of Corrections Revolving Fund.
 - c. \$500,000 from the State Charitable, Penal and Reformatory Institutions Land Fund.
 - d. \$400,000 from the Special Services Fund.
 - e. \$400,000 from the Penitentiary Land Fund.
- 82. Transfers \$2,400,000 from the Health Services Lottery Monies Fund to the ASH Fund by June 30, 2016.

PAYMENT DEFERRALS

ADE

- 83. Defers \$930,727,700 in Basic State Aid (BSA) and Additional State Aid (ASIA) payments made to ADE in FY 2017 to until after July 1, 2017, but no later than July 12, 2017. Excludes charter schools and school districts with a student count of less than 600 pupils from the deferral.
- 84. Requires ADE to disburse the FY 2017 appropriation of \$930,727,700 to the counties for the school districts by July 1, 2017, and no later than July 12, 2017, in amounts equal to the reductions in apportionment of BSA and ASIA.
- 85. Mandates that school districts include in the revenue estimates that they use for computing their FY 2017 tax rates the deferred monies that they will receive between July 1, 2017 and July 12, 2017.

STATEWIDE OPERATING ADJUSTMENTS

Area of Adjustment	GF	OF	Total
AFIS Collections	461,600	521,600	983,200
Employer Health Insurance Contribution Rate	(8,047,400)	(8,561,500)	(16,608,900)
Agency Relocation	0	576,800	576,800

86. Specifies that the agency relocation appropriation is for one-time agency relocation costs in FY 2017. Requires JLBC staff to determine and ADOA to allocate to each agency or department an amount for relocation costs. Requires JLBC staff to also determine and ADOA to allocate adjustments, as necessary, in expenditure authority for the costs.

87. Provides statewide adjustment procedures and instructions.

88. Outlines FY 2017 individual agency charges totaling \$1,809,500 for general agency counsel provided by the AG.

MISCELLANEOUS

89. States legislative intent that all departments, agencies or budget units receiving appropriations under this act are to continue to report actual, estimated, and requested expenditures in a specified format.

90. Provides footnote instructions.

91. Contains other reporting requirements.

92. Contains definitions sections.